

## Message Text

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FM AMEMBASSY SANTO DOMINGO

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TAGS: ENRG, ETRD, BMEP, DR

SUBJECT: WESTINGHOUSE IMAGE DIMS IN THE DOMINICAN REPUBLIC

REF: A. SD 4996, DECEMBER 7, 1973

B. STATE 205093 OCTOBER 16, 1973

C. SD 4211 OCTOBER 11, 1973

D. STATE 200918 OCTOBER 10, 1973

E. STATE 200919 OCTOBER 10, 1973

F. SD 4151 OCTOBER 9, 1973

1. SUMMARY. THE LONG DELAY IN INSTALLATION OF TWO WESTINGHOUSE GAS TURBINE GENERATORS AND THE CONTINUED FAILURE OF THE COMPANY TO PLACE ONE OF THE UNITS IN RELIABLE OPERATION HAS DRAWN INCREASING PUBLIC CRITICISM AND MAY DAMAGE THE US POSITION VIS-A-VIS UPCOMING LARGE SCALE EQUIPMENT PURCHASES BY THE DOMINICAN ELECTRIC CORPORATION (CDE).

2. AS DEPT WILL RECALL, WESTINGHOUSE ORIGINALLY PROMISED INSTALLATION OF THE 30MW GENERATORS AT BARAHONA AND SAN PEDRO BY OCTOBER 14 AND NOVEMBER 14, 1973, RESPECTIVELY. THANKS TO DEPT'S INTERVENTION WITH WESTINGHOUSE, THE BARAHONA UNIT FINALLY WENT ON LINE AT HALF POWER IN FEBRUARY 1974 AND FULL POWER IN APRIL. THE SAN PEDRO TURBINE HAS TO THIS DATE NOT PRODUCED ELECTRICITY FOR MORE THAN A FEW HOURS AT A TIME AND

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IS PRESENTLY AGAIN UNDER REPAIR; CDE HAS NOT YET ACCEPTED

FINAL DELIVERY OF EITHER UNIT FROM WESTINGHOUSE.

3. RECENT INCREASES IN BLACKOUTS IN SANTO DOMINGO AND ELSEWHERE HAVE MULTIPLIED PUBLIC PRESSURES ON CDE AND ON JULIO SAURI, ITS EMBATTLED ADMINISTRATOR. SAURI NOW FINDS HIMSELF IN THE UNCOMFORTABLE POSITION OF RAISING ELECTRICITY RATES (BECAUSE OF INCREASED OIL PRICES) AND AT THE SAME TIME DELIVERING LESS ENERGY. WESTINGHOUSE IS BECOMING THE INEVITABLE SCAPEGOAT, ALTHOUGH IT IS CERTAINLY NOT ENTIRELY TO BLAME (DROUGHT HAS REDUCED THE PEAK POWER PRODUCED BY THE TAVERA DAM, AND TWO THERMAL UNITS IN THE SYSTEM ARE FREQUENTLY DOWN DUE TO INABILITY TO PERFORM NORMAL MAINTENANCE GIVEN THE ABSENCE OF EXCESS CAPACITY). THE NET EFFECT, NEVERTHELESS, IS EMBARRASSING PUBLIC FOCUS ON WESTINGHOUSE, WITH SOME NEGATIVE EFFECT UPON THE OTHERWISE GENERALLY POSITIVE US BUSINESS IMAGE HERE.

4. AT THE MOMENT WESTINGHOUSE ENGINEERS ARE WORKING ON THE SAN PEDRO UNIT; NONETHELESS CDE HAS COMPLAINED TO THE EMBASSY THAT THE COMPANY SHOULD, IN FACT, BE QUOTE WORKING ROUND THE CLOCK UNQUOTE RATHER THAN JUST AN EIGHT-HOUR DAY. CDE ALSO CLAIMS THAT WESTINGHOUSE HAS NOT YET OFFICIALLY AGREED TO PAY CDE THE \$100,000 IN PENALTIES FOR LATE DELIVERY CALLED FOR BY THE CONTRACT. THESE PROBLEMS PERSIST DESPITE THE MAY 18-22 VISIT TO SANTO DOMINGO OF WESTINGHOUSE VICE-PRESIDENT HARRY JONES, WITH WHOM SAURI MAINTAINS CLOSE PERSONAL RELATIONS. DON JULIO, AND OTHER DOMINICANS, HAVE FOUND THEY CANNOT BE SURE IF IT'S WESTINGHOUSE. AND AS THE LIGHTS GO OUT, THE CLAMOR BUILDS.  
HURWITCH

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## Message Attributes

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